



ISSP & CARA Report October 1, 2003 – May 31, 2004

Prepared by:

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**Podgorica, Montenegro
June 10, 2004.**

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Center for Applied Research and Analysis (CARA)

Staff:

1. Veselin Vukotic, President
2. Petar Ivanovic, Executive Director
3. Ivana Nikac, Office Manager
4. Boro Miranovic, Internal Auditor
5. Angela Kalezic, Accountant
6. Vladimir Kavacic, Program Director
7. Ana Buskovic, Research Manager, Statistician
8. Jelena Pavicevic, Researcher
9. Gordana Radojevic, Analyst
10. Boris Buskovic, Data and Publishing Manager
11. Vladimir Jacimovic, Data Base Manager

KRA Teams for CARA:

Program Development and Support

- ❑ Vladimir Kavacic, Team Leader
- ❑ Dragana Radevic, CEED
- ❑ Darko Konjevic, Montenegro Business Alliance
- ❑ Vladimir Jacimovic Ph.D.
- ❑ Misko Djuranovic, Faculty of Economics

Information resources and MONET support

- ❑ Boris Buskovic, Team Leader
- ❑ Ana Popovic, Ministry of Finance
- ❑ Ranko Raicevic, IS Elektroprivreda
- ❑ Dragana Ostojic, Central Bank
- ❑ Jadranka Kaludjerovic, ISSP
- ❑ Mico Djukanovic, IS Elektroprivreda

Research and Analysis

- ❑ Ana Buskovic, Team Leader
- ❑ Miroslav Prokopijevic, Faculty of Economics, Belgrade, Advisor
- ❑ Gordana Radojevic, CARA
- ❑ Marina Radevic, CEED
- ❑ Zarko Vucinic, Ministry of Agriculture

- ❑ Nina Labovic, ISSP
- ❑ Danijela Grba, Central Bank
- ❑ Goranka Lazovic, Ministry of Tourism



Staff:

1. Veselin Vukotic, President
2. Petar Ivanovic, Executive Director
3. Ivana Nikac, Office Manager
4. Boro Miranovic, Internal Auditor
5. Angela Kalezic, Accountant
6. Jadranka Kaludjerovic, Program director
7. Danilo Sukovic, Senior Analyst
8. Maja Bacovic, Econometrician
9. Nina Labovic, Analyst
10. Milorad Katnic, Analyst
11. Ana (Delibasic) Krsmanovic, Senior Analyst
12. Tijana (Lekovic) Stankovic, Analyst
13. Maja Drakic, Research manager
14. Milica Vukotic, Researcher
15. Vesna Tomovic, Researcher
16. Jelena Jokanovic, Researcher
17. Vesna Tomovic, Reseracher
18. Jelena Musikic, Researcher

KRA Teams for ISSP:

Pensions

- ❑ Tijana Lekovic, ISSP
- ❑ Ana Delibasic (added mid-Sept.'02)
- ❑ Djorjdje Kustudic, Secretariat for Labor and Social Affairs
- ❑ Ana Vlahovic, Pension Fund
- ❑ David Snelbecker, TSG
- ❑ Veselin Vukotic, Privatization Council / ISSP
- ❑ Petar Ivanovic, ISSP

Statistics

- ❑ Maja Bacovic, ISSP
- ❑ Predrag Boskovic, Ekonomic Faculty, University of Montenegro
- ❑ Dragana Ostojic, Central Bank of Montenegro
- ❑ Mirjana Djuranovic, Statistical Office of Montenegro
- ❑ Ana Buskovic, CARA

Trade

- ❑ Petar Ivanovic, ISSP

- ❑ Mila Bajraktarevic, Ministry of Trade
- ❑ Slobodan Radovic Kruso, Montenegro Business Alliance / Private sector
- ❑ Vesna Vojinovic, Ministry of Trade
- ❑ Vladimir Kavaric, CARA
- ❑ Kadrija Kurpejovic, Ministry of Trade
- ❑ Kristina Dzudovic, Ministry of Trade

Energy and Regulation

- ❑ Milorad Katnic, ISSP (added mid-Sept '02)
- ❑ Boris Buskovic, CARA/Electric Power Company of Montenegro
- ❑ Danilo Sukovic, IDN Beograd
- ❑ Jelena Jokanovic, ISSP
- ❑ Dordjo Milic, Electric Power Company of Montenegro
- ❑ Slobodan Dakovic, Regulatory Agency
- ❑ Dlabac, Private sector
- ❑ Veselin Vukotic, ISSP
- ❑ Petar Ivanovic, ISSP

Capital Markets

- ❑ Veselin Vukotic, ISSP/Privatization Council
- ❑ Zoran Djikanovic, Securities Commission
- ❑ Maja Drakic, ISSP
- ❑ Zeljko Brkovic, Central Bank of Montenegro
- ❑ Igor Kralj, Operational Group
- ❑ Drasko Veselinovic, Director of Ljubljana Stock Exchange, consulting group
- ❑ Miomir Mrak, Economic Faculty of Ljubljana

KRA Team for Preparing New Constitution and Negotiation with Serbia/ FRY

- ❑ Veselin Vukotic, ISSP
- ❑ Petar Ivanovic, ISSP
- ❑ Misko Ivanisevic, Minister of Finance
- ❑ Ljubisa Krgovic, Central Bank of Montenegro
- ❑ Slavica Milacic, Ministry of Foreign Affairs

I INSTITUTION BUILDING RESULTS ACHIEVED

- The weekly staff meetings, weekly meetings of program managers of CARA, ISSP and CEED, and biweekly meetings with Veselin Vukotic, President, and Petar Ivanovic, Executive Director, were regularly held during the whole period. The internal communication and communication within other units of the ERN was improved and became more regular. In addition, activities on reporting, planning and control were standardized and were conducted on a regular basis.
- CARA and ISSP staff participated in more than 10 seminars, conferences and roundtables among which: Postgraduate Studies Conference, lectures of Professor Leonardo Liggio, Professor John Moore, Professor Steve Pejovich and John D. Sullivan, executive director of CIPE, seminar on European integration, seminar Competency based Economies through Formation of Enterprise, seminar Quality management systems, etc.
- Professor Vukotic conducted two training programs. The first one was related to the improvement of the research capabilities. Members of the KRA Statistics were involved in the preparation of the training program. The second training was conducted jointly by Prof. Vukotic and Petar Ivanovic. The aim of this program was improvement of the ERN procedures.
- Representatives of the Economic Institute from Ljubljana (Prof. Ph. D Stiblar and Ph. D. Oplotnik) held two training programs for the ERN members (as a part of the project “Improvement of the Macroeconomic model for Montenegro”): on methodology of the research project and on the e-views software program. The training is organized in order to increase participants’ research skills and abilities.
- From April 15th, CARA has a new member: Milica Dakovic, who finished the Faculty of Economics with an average mark of 8.6 (out of 10).
- The Program Managers of CARA and ISSP have been intensively working on preparation of some project proposals, which helped them improve their skills related to fundraising.

CARA SUMMARY OF RESULTS ACHIEVED

I RESEARCH

- Three sectoral analysis were finalized: agriculture sector, banking sector, tourism sector and trade sector.
- Started work on the new sectoral analysis, Maritime sector in Montenegro.
- Project “Transition report for Montenegro” finalized in cooperation with ISSP
- Report for Donors Meeting held in November 2003 in Brussels finalized in cooperation with ISSP.
- The Household Survey of Roma, Ashkaelia and Egyptians, Refugees and Internally Displaced Persons was finalized in cooperation with CEED.
- CARA staff participated in preparation of HHS report 9, two comments were prepared by them.
- CARA staff, Ana Buskovic, as one of the trainers at the course, participated in the realization of project Basic Poverty Measurement and Diagnostics Course for Montenegro realized in cooperation with ISSP:
- Project for Pedagogues’ Center of Montenegro, Achievement of Children in Primary Schools in Montenegro, was finalized.
- Project Economic Policy for Montenegro for 2004 for the Central Bank of Montenegro: finalized in cooperation with ISSP.
- Final version of sectoral analysis of the barriers in the construction sector, project done for Celebic Company from Podgorica, was prepared.
- CARA was involved in realization of the project the National Plan for Children until 2010, led by CEED. CEED activities included one presentation and monitoring of the working groups efforts.
- CARA staff is involved in the realization of the ten month project led by ISSP and done for Central Bank of Montenegro, Improvement of Macroeconomic Model for Montenegro.
- CARA participated in the preparation of the first draft of the National Strategy for Resolving the Problems of Refugees and Internally Displaced Persons, in cooperation with ISSP and other parties involved in the project.
- Projects which realization is ongoing are: Development of Tourism and Agriculture of Romania and Montenegro (the project led by CEED), Transaction costs of payment system in Montenegro and Research on the use of the informational technology in Montenegro.

II DATA BASE ESTABLISHMENT, MAINTENANCE AND DEVELOPMENT

- Databases were developed and updated regularly.
- Improvements were made in certain databases such as: banking sector, scholars in primary schools, number of cars etc.

- Database of all projects done by all members of ERN was created and updated regularly.

III MONET

- CARA's services in providing support for MONET remain the same as last year: lay out, design of tables and graphs, preparation of data and all kinds of publishing support, as well as updating website with addition of the database maintenance.
- MONET 15, MONET 16 and MONET 17 were finalized during this period.
- Contact lists by sectors and institutions were regularly updated.
- Web site of ISSP was updated regularly.

IV PUBLISHING, NEWSLETTER AND PROMOTION

- During this period, the layouts for HHS 9 on both languages (local and English), was designed.
- More than 30 appearances on TV stations, in newspapers and in radio programs were realized by CARA staff. The statements made were about different economic issues in Montenegro and the activities of the three different institutions of the ERN.

ISSP SUMMARY OF RESULTS ACHIEVED

I KRA TEAMS

Pension reform

- Members of KRA Pension reform participated in the preparation of the Investment Fund Draft Law.
- Started preparatory work on the Second Pillar Law.
- The implementation of the pension law and pension reforms has been monitored regularly during the period.
- Pension System Law was finalized and adopted by the Montenegrin Parliament.
- Working paper “First Pillar of the Pension System” was finished; published, presented to the media and relevant institutions and widely distributed.
- First version of policy paper Private Pension Insurance was finalized.
- Started preparation of the round table on private pension funds (materials and organization of the event).
- Second version of the brochure on Pension System was finalized.

Statistics

- Projections of main macroeconomic aggregates for Montenegro until 2008 are finalized.
- Project Macroeconomic policy for Montenegro for 2004, for the Central bank of Montenegro is finalized.
- Analysis of the New Labor Law and Collective Bargaining Agreement in Montenegro finalized and published in MONET:
- MONSTAT made a calculation of GDP for 2001 fourteen months after estimation done by ISSP. Difference between two estimations (5.9%) is due to the value added from the informal sector which was not included in ONSTAT calculation.
- Statistics KRA is managing and participating in the ten month project done for the Central Bank of Montenegro “Improvement of the Macroeconomic model For Montenegro”. More then 15 meetings were organized until now during the realization on this project
- First section of the training program on e views for the participant in the project “Improvement of the Macroeconomic Model For Montenegro” was organized by statistics KRA and held by colleagues from Slovenia, Ljubljana.
- This KRA is hugely involved in the realization of the project “Concept of the new statistical system for the needs of the macroeconomic research and polices in Montenegro”. Several meetings regarding this project were held.
- Roundtable on the Law on National Statistics was held.
- First version of the working paper, Situation on the Montenegrin Labor Market, was finished.
- Statistics KRA has been working on the projections of macroeconomic indicators for Montenegro until 2008.

Trade

- Research paper on the trade situation in the countries in the region was finalized.
- Research on the impact of a change in the custom tariffs on the activities of certain Montenegrin enterprises was finalized.
- Sectoral analysis of trade was finalized in cooperation with CARA
- Working paper, Balancing Montenegro's Current Account, was finalized, printed and widely distributed to more than 70 addresses.
- Work started on the preparation of the policy paper, Balance of Payments, with a special focus on Montenegro. The work on this task is at the first phase: desk research of the topic and data collection.
- Started preparation of the presentation of the working paper, Balancing Montenegro's Current Account that will be held in June.

Energy

- More than 10 meetings of the Energy and Regulation KRA were held.
- Working paper, Energy Sector in Montenegro, was finalized. Presentation will be organized in July.

Capital Markets

- Second draft of the Investment Funds Draft Law was finalized.
- Members of KRA participated at the roundtable on Companies takeover Law. Three roundtables were organized.
- Permanent collection of the data, monitoring and analysis of the happenings on the capital market.

II MONET

- Completed, printed and distributed two issues of MONET (15 and 16). MONET 17 is in the final phase of preparation.
- For each issue of MONET, a press conference was organized with the excellent media coverage of MONET with comments, analysis and data published. New model of press conference (three short press conferences per each number) introduces and first reactions from the journalist are very positive.
- The network of collaborates is developed.
- Number of subscribers increased by about 20 new subscribers.
- Knowledge and skills of MONET team improved (new way of presentation of data and analysis, new software etc).

III HOUSEHOLD SURVEY

- The Household Survey of Roma, Ashkaelia and Egyptians, Refugees and Internally Displaced Persons supported by UNDP was finalized. Presentation of the report was held.
- One-day workshop entitled: “*Household Survey Data Interpretation: Meaning and Usage*” for Roma organizations was held. .
- A case study about the work on the Household Survey of Roma, Ashkaelia and Egyptians, Refugees and Internally Displaced Persons that will be published in the regional World Bank report finalized.
- In November 2003, the Montenegrin Poverty Reduction Strategy Paper (PRSP), for which ISSP HHS data were used, was finalized and presented at the Donors Meeting held in Brussels.
- Household Survey Report No. 8 was published and widely distributed.
- A new editorial board for HHS was named.
- Cooperation with MONSTAT and CESD Roma (an organization supported by EAR) was successfully finalized.
- Representatives of ISSP participated in the meeting with the World Bank Parliamentary delegation.
- ISSP will organized and conducted Basic Poverty Measurement and Diagnostics Course for Montenegro, project supported by the World Bank Institute.
- Dragana Radevic, HHS coordinator, participated in the regional PRSP video conference.
- Dragana Radevic had two presentations at the Second Poverty Reduction Strategy Forum for Albania, Bosnia and Herzegovina, Serbia and Montenegro, Kosovo, and Macedonia, held in Thesalonika, Greece.
- ISSP representatives Dragana Radevic and Jadranka Kaludjerovic, participated in the roundtable discussions about PRSP organized by PRSP Unit.
- Data collection for the new HHS started on May 1st.
- In cooperation with the Montenegro Ministry of Health (MOH), HHS 10 will include a detailed health module which will establish a preliminary baseline of information related to health care issues.
- ISSP is appointed by the Government of Montenegro to work on the national strategy for refugees and IDPs in Montenegro. The first working version of the document is prepared.
- Dragana Radevic, HHS coordinator, at the invitation of the World Bank, participated in regional training for the Roma population held in Belgrade.
- Dragana Radevic participated in the annual meeting of Roma NGOs as a special guest.
- HHS report 9 was printed and widely distributed to mote than 300 addresses in the country and abroad.
- ISSP will support a project supported by UNDP, a Regional Survey on vulnerable groups in Eastern Europe and in SEE by providing expertise in the sampling construction process.

IV ADDITIONAL PROJECTS

- **Economic Policy for 2004** done for the Central Bank of Montenegro.
- **Transition Report for Montenegro** done in cooperation with the G-17 Institute from Belgrade.
- **Montenegro Investment Environment Diagnostic realized working with the FIAS** (Foreign Investment Advisory Service of the World Bank).
- **Report for Donors Meeting** held on November 18th 2003, in Brussels.
- **Economic Lexicon** with the, published in the newsletter *Reformator* supported by USAID.
- **Montenegrin automobile market**, project done in cooperation with the G17 Institute from Belgrade.
- **Training on Economic Background for Covering Business and Economic Stories**, organized and conducted by CEED and supported by IREX.
- **Preparation of two project proposal** for GDN regional research competition organized by CERGE-EI and second preparation of National Human Development Report on multiculturalism for Montenegro announced by UNDP, LO Podgorica,.

INSTITUTION BUILDING –DETAILED REPORT

- The weekly staff meetings, weekly meetings of program managers of CARA, ISSP and CEED, and biweekly meetings with Veselin Vukotic and Petar Ivanovic were regularly held during the period. In addition, activities on reporting, planning and control were conducted on a regular basis.
- Nina Labovic attended a seminar: “Free Industrial Zones in Bar.” It was held in Bar, November 19, 2003, and organized by GTZ.
- All ISSP and CARA staff members participated in the Postgraduate Studies Conference. Some members facilitated some sections and other had presentations. More than 300 participants attended the conference, which was held at the Economic Faculty in Podgorica on December 12, 2003.
- All ISSP and CARA staff members attended the lecture of Professor Leonardo Liggio (Institute for Human Studies, George Mason University). The theme was: “*Lecture on History of Democracy in Europe*”. The lecture was held on December 9th, 2003.
- All ISSP and CARA staff members attended the lecture of Professor John Moore (Grove City College, George Mason University). The lecture was held on December 10th, 2003. The theme was: “*Mises was right: Yugoslav workers - self management.*”
- All ISSP and CARA staff members attended the lecture of Professor Steve Pejovich (Professor Emeritus Texas A&M University, USA). The theme was: “*Economic freedom and transition.*” The weekly staff meetings, weekly meetings of program managers of CARA, ISSP and CEED, and biweekly meetings with Veselin Vukotic and Petar Ivanovic were regularly held during the quarter. In addition, activities on reporting, planning and control were conducted on a regular basis.
- All ISSP and CARA staff members attended the lecture of John D. Sullivan, executive director of CIPE, the Center for International Private Enterprise and lecturer at George Mason University, USA. The theme was “*An overview of the impact of policy and politics on international business*”. The lecture was held October 1, 2003 at the Faculty of Economics, University of Montenegro.
- Ana Buškovic attended Child Info / Development Info training seminar on data base software, organized by UNICEF. The Seminar was held October 26, 27, and 28.
- Jelena Pavicevic attended the Institutional Assembly of Society of Economists, Podgorica, organized by this Society, and held on December 4, 2003.
- Ana Buškovic and Gordana Radojevic attended a seminar on European integration, organized by Ministry of International Economic Relations and European Integration and Institute for Europäische Politik, Berlin. The Seminar was held December 15 and 17 at the Law faculty, University of Montenegro.
- Vladimir Kavaric was promoted to becoming a member of the Commission for Economic Freedom. The Commission was established to improve economic freedom in Montenegro and to work on implementation of the Economic Reform

Agenda. CARA staff prepared a report about achievement and obstacles for economic freedom in Montenegro.

- Professor Vukotic conducted two training programs. The first one was related to the improvement of the research capabilities. Members of the KRA Statistics were involved in the preparation of the training program. The second training was conducted jointly by Prof. Vukotic and Petar Ivanovic. The aim of this program was improvement of the ERN procedures.
- Representatives of the Economic Institute from Ljubljana (Prof. Ph. D Stiblar and Ph. D. Oplotnik) held a training program for the ERN members (as a part of the project “Improvement of the Macroeconomic model for Montenegro”) on methodology of the research project. The training is organized in order to increase participants’ research skills and abilities.
- Nina Labovic and Milica Vukotic, ISSP, attended a training program on European Union. During this period, each week they attended an eight hour lectures. Some of the covered topics included: EU policies in-depth, including the internal market, and Institutions and decision-making process in the EU; EU Information and Communication Policy, including e-Info Finding; understanding the European Union, including decision-making process, institutions of the European Union, international negotiations, agricultural policies and food safety in European law, institutional and legal issues; and relations between the European Union and its member states, etc.
- Representative of ISSP, Jelena Musikic, attended lectures of Prof. Hiroshia Kohama and Prof. Sudjiro Urata organized by the Montenegrin Government and Embassy of Japan. The subject of the lecture was direct foreign investments and economic development in East Asia and transition experience of Japan.
- Gordana Radojevic, CARA; attended CEFE (Competency based Economies through Formation of Enterprise) training of trainers seminar organized by GTZ. The purpose of the seminar was to train participants in different business consulting skills. One section (out of four) was conducted in March and April.
- Jelena Pavicevic and Gordana Radojevic, CARA, attended a seminar, “Quality management systems,” organized by CEED during March and May 2003.
- Ana Buškovic, CARA, attended a presentation Child Info/Development Info conducted by UNICEF on 11th March. This was a presentation of the database made by UNICEF based on the data from different Ministries, MONSTAT, PRSP unit and ISSP as a continuation of the seminar organized during the previous quarter (which Ms. Buskovic also attended).
- Vladimir Kavaric is a member of the Commission for Economic Freedom, which had three meetings during this period. During these meetings, the following subjects have been discussed: document "economic freedoms in Montenegro" prepared by CARA, analysis of the barriers for investment in tourism prepared by BearingPoint, law on investment funds, recommendation to abolish the export report and taxes that are paid on imports made by BearingPoint, Foreign Investment Law, Law on Foreign Trade, and Law on Free Zones.
- A representative of the Economic Institute from Ljubljana (Ph. D. Oplotnik) held a training program for the ERN members (as a part of the project “Improvement of the Macroeconomic model for Montenegro”) on the e-views software program.

The training was organized in order to increase participants' knowledge in applied econometrics and use of adequate software programs for economic analysis.

- From April 15th, CARA has a new member: Milica Dakovic. Milica finished the Faculty of Economics with an average mark of 8.6 (out of 10). She attended several courses and training programs, including courses in Italy and UK. During these two months, she has been closely working with CARA staff. CARA activities, organizational structure, working areas and different projects were presented to her and she was step by step involved in some of the activities.
- Gordana Radojevic attended a seminar on project management, organized by Marmil in April and May.
- The Program Managers of CARA and ISSP have been intensively working on preparation of some project proposals, which helped them improve their skills related to fundraising.
- The following meetings were held:
 - Meeting with the Mr. Tomas David, Head of Research from Budapest Economics
 - Meeting with Orjan Sjoberg, Professor of Economics at the Stockholm School of Economics
 - Participation in the meeting with the NATO Parliamentary Assembly
 - Stakeholders Consultation meeting with UN Development Assistance Framework
 - Meeting with the Ministry of Foreign Economic Relations
 - Meeting with Professor Stiblar, from the Economic Faculty from Ljubljana, Slovenia
 - Meeting with the Minister of Maritime and Transportation
 - Meeting in the Central Bank with the vice-president, Goran Kneževic
 - Meeting with Marijana Mitrovic, chief economists of CBM
 - Meeting with the Deputy Minister of Finance, Milan Dabovic, about some data and information related to the budget
 - Meeting with a representative of the Central Bank related to budget methodology issue. Explanations of IMF calculations and forecasts
 - Mr. Sveto Kalezic, Ministry of Labor and Social Affairs
 - Ms Mirjana Džuranovic, Statistical Office of Montenegro
 - Meeting with Mr. Lakovic, Deputy Director of the Statistical Office on wage and employment methodology and on population census results
 - Meeting in the Ministry of Labor and Social Affairs on social benefits and social policy reform
 - Meeting with the representatives of Montenegrin Government, Montenegrin Secretariat for Development and Montenegrin Statistical Office, together with Professor Vukotic. The subject was a project proposal: "Concept of new statistical system for macroeconomic research and macroeconomic policy needs in Montenegro."
 - Meeting with Olivera Djukanovic, Public Relations Bureau of the Montenegrin Government, together with Professor Vukotic. The subject was a project proposal: "Data Base for Montenegro."

- Meetings with staff from the Statistical Office of Montenegro on data collection.
- Meeting with Filip Ognjenovic from the Association of Beekeepers.
- Mr. Justin Greenwood, Robert Gordon University
- Mr. Andras Inotai, Institute for World Economics
- Mr. Peter B. Epstein, The Urban Institute
- Mr. Robert Dresen, College of Europe

Center for Applied Research and Analysis - CARA
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1. RESERCH

Sector analysis:

October-December 2003

- The first version for all four analyses (Agricultural sector, Tourism sector, Banking sector and Trade sector) were finalized.

January-March 2004

- Sectoral analyses of agriculture and tourism were finalized. Comments from relevant ERN members have been reviewed and incorporated in the document. The analysis has been sent outside for comments and suggestions. Analysis of banking sector was updated and some new analysis (payments system and transactions in Montenegro) has been incorporated. Trade sector analysis was updated, comments from ERN members have been reviewed and incorporated, and analysis was sent for outside comments.
- Started work on the new sectoral analysis, “Maritime Sector in Montenegro”. Three meetings were organized with the ERN members who will be involved in this analysis, besides the CARA staff. In the meetings, working groups were created, and the structure of the analysis and detailed timetable of activities was developed. Data collection for this analysis started at the end of March.

April-May 2004

- The received comments and suggestions from outside experts on sectoral analyses of agriculture, tourism and trade were incorporated. Work on the sectoral analysis “Maritime Sector in Montenegro” was continued. During this period, meetings with the representatives of relevant institutions related to the maritime industry, as well as companies whose business is connected to this area, have been organized (7 meetings in total). The purpose of the meetings was to collect all relevant information for the analysis from different sources. Among these activities, desk research and collection of the data have been ongoing.

Transition Report for Montenegro:

This project was done, together with ISSP, in cooperation with the G-17 Institute from Belgrade and it was the first transition report done in Montenegro. CARA staff prepared four parts of the document. During the work they have been collecting the

data, analyzing them, updating the document, incorporating changes and translating it in the local language.

Report for Donors Meeting:

CARA staff were involved in the preparation of the report for the Government of Montenegro. The Donors Meeting was held on November 18th 2003, in Brussels. This meeting provided CARA staff with an opportunity to prepare a report on the current situation, which refers to the overall reform agenda the government has conducted, and to update information on the progress that has been achieved since the Donor Conference in June 2001.

Household Survey:

- The Household Survey of Roma, Ashkaelia and Egyptians, Refugees and Internally Displaced Persons, supported by UNDP, was finalized. CARA staffs were involved in data analysis and providing comments according to the newest survey results.
- CARA researchers were involved in the work on the HHS Report 9. Analyst Ana Buskovic prepared a text about the millennium goals (“Toward Millennium Goals: Montenegro in year 2015”) while Gordana Radojevic and Jelena Pavicevic prepared an analysis of the road infrastructure in Montenegro (“So Near Yet So Far: Problems of the Road Infrastructure in Montenegro”). They were also involved in the translation of the HHS Report 9.

Basic Poverty Measurement and Diagnostics Course for Montenegro

Project is led by ISSP and supported by the World Bank Institute. CARA analyst Ana Buskovic was involved as one of the trainers of the course. She gave practical lessons and worked with the participants on the computer during the training program. Ms. Buskovic was involved in some organizational activities in the process of preparation of the course CARA analyst

Achievement of Children in Primary Schools in Montenegro

Major activities during the project were: Entering data and preparation of the statistical analysis of research conducted November 2003. The Project was commissioned by the Pedagogues' Center of Montenegro.

Economic Policy for 2004:

This project was done for the Central Bank of Montenegro together with ISSP. CARA worked on the topic of economic freedom.

Barriers in the construction sector

Sectoral analysis of the barriers in the construction sector is a project done for a specific customer (company Celebic from Podgorica). The project started on 1st March 2004. In this period, information about the administrative procedures, procedures of the development of the general urban plan and detailed urban plan were investigated and gathered. Number of meetings with representatives of relevant institutions was held. This project will make possible a definition of all barriers in the construction sector in Montenegro, which is very important for foreign investors. This will present a good basis for creation of alternative solutions and recommendation for resolution of the defined barriers. It will also present a good informational base for the future advocacy activities of the ERN network.

The National Plan for Children until 2010

The National Plan for Children is a project led by the Ministry of Education and UNICEF office in Podgorica. One of the activities on this project is monitoring the implementation of the national plan, which will be done by use of certain indicators. As a whole range of institutions and individuals were involved in the creation of the strategy, there is a need for all participants to be familiar with the process of monitoring and with certain indicators that will be monitored. CEED was hired to educate all participants about the indicators and to help in creation of a list of indicators that will be followed during the monitoring process. CEED involved CARA's analyst Ana Buskovic in these activities. During this period, Ms. Buskovic made a presentation in Bijelo Polje, on February 4th with the subject "What is an indicator.". She was also involved in the activities of working groups established for the purpose of this project, helping them to define the indicators that will be monitored.

Improvement of the Macroeconomic Model for Montenegro

Members of CARA are involved in this ten month project led by ISSP and done for the Central Bank of Montenegro. Each CARA member is a member of one of the working groups established for the needs of this project. Milica Dakovic is involved in a group for Fiscal Policy and Government Spending; Ana Buskovic is involved in groups: Investments and Prices; Jelena Pavicevic is involved in groups: Industrial production, Social Policy and Labor Market and Banking; Gordana Radojevic is involved in groups: Prices, Monetary Policy, Balance of Payments, and Export and Import. During this period, initial meetings of the working groups were organized and the working groups started preparatory work on the project. CARA staff also participated in the training program organized for the participants in the project done by representatives of the Economic Institute from Ljubljana. All groups had meetings with internal and external experts from the areas covered by the project. The work during the second quarter of 2004 was focused on the preparation of different equations and variables that would be incorporated in it and the collection of relevant data. CARA staff also participated in the training program on e-viws, meetings with

the project leader and collaborator from Slovenia, and a joint meeting of the whole team.

National strategy for resolving the problems of refugees and internally displaced persons

CARA analysts, statisticians and researchers are members of the working groups established under this project which is led by ISSP. During March, CARA staff had meetings as members of the working groups to begin developing the first versions of the document.

Concept of the new statistical system for the needs of the macroeconomic research and polices in Montenegro

Ms. Ana Buskovic is a member of the team that is working on this project. As part of it, Ms. Buskovic participated in several meetings with the representatives of different institutions whose purpose was development of a detailed action plan. At May 21st a discussion was held about the draft version of the Law on Official Statistics in Montenegro. Ms. Buskovic was the person who mainly organized this event and also actively participated in it. Participants were representatives from seven institutions that are recognized as producers of primary data in the Montenegrin statistical system: Monstat, Central Bank, Direction for Public Revenues, Custom Office of Montenegro, Ministry of Finance, Commercial Court (Business Registry) and Security Commission, as well as representatives from Development Secretariat of Montenegro and ISSP. The result of the discussion is a new version of the Law on Official Statistics.

Development of Tourism and Agriculture of Romania and Montenegro (the project led by CEED)

Jelena Pavicevic, CARA staff, is involved in the realization of the project “Development of Tourism and Agriculture of Romania and Montenegro”. During these two months following activities, mainly organized by Jelena Pavicevic, have been realized: round table held, meetings with Ministries’ representatives, representatives from Tourist Organization of Montenegro, Montenegro Business Alliance and Bee Association organize as well as press. This Project includes financing of tourism and agriculture sector in Romania and Montenegro.

Transaction costs of payment system

CARA is working on the project whose purpose is to research the status of the reform of the payments system in Montenegro and to calculate the transaction costs of the payments system at the level of the whole economy. The first phase of the project, desk research, is finished. Preparation for the second phase of the project, direct surveying of enterprises about payment costs, which will be done in cooperation with MBA, is ongoing. Currently, work is focused on the questionnaire design.

Research on the use of the informational technology in Montenegro

From May 2004 CARA is working on the design of the questionnaire for research on the use of information technology in Montenegro. The purpose of this research is to collect relevant data on IT use and to create a basis for the future work on this issue, which could be sector analysis of the information technology in Montenegro. New CARA staff member Milica Dakovic is involved in these activities. Future activities will be definition and design of the sample (which would consist of households, schools, enterprises etc), distribution of the questionnaire etc.

2. DATA BASE ESTABLISHMENT, MAINTANCE AND DEVELOPMENT

- The databases were updated with information on projects completed in the previous period and new data.
- A new database was created for the results of research on the banking sector, conducted in December 2003 in eight out of the ten Montenegrin banks. The survey was done for the needs of banking sector analysis and it was about the business environment and opportunities in this sector.
- A new database was created from the results of the research about achievement of children in primary schools in Montenegro.
- The new database on the number of cars in Montenegro (passenger cars and commercial vehicles) was developed for the ISSP project on the Montenegrin automobile market. The database was regularly updated as the data were coming from different institutions, municipalities and companies. The database includes data on distributors and their turnover during the last few years, data on the number of cars by owners (major owners of the cars), data on the registrations of the cars, etc.

3. MONTENEGRO ECONOMIC TRENDS: MONET SUPPORT

- Layout for MONET 15 English version was finalized. After additional checking by the ISSP MONET staff, their remarks were incorporated and the final layout for MONET 15 was finished.
- The layout for MONET 15 in the local language was prepared.
- Meeting with ISSP MONET coordinator Jadranka Kaludjerovic to develop a schedule to prepare the layout for MONET 16.
- Layout for MONET 16 version in the local language was finalized.
- Vladimir Kavaric prepared an analysis of problems in the agriculture sector that was published in MONET 16.
- Vladimir Kavaric participated in the press conference on MONET 16. Mr. Kavaric prepared the press release for the article on the problems in the agriculture sector that was delivered at the press conference. Mr. Kavaric also prepared a presentation of the article that was shown during the press conference.

- There meeting with ISSP MONET coordinator Jadranka Kaludjerovic was held in order to develop a schedule for preparation of the layout for MONET 17.
- The layout for MONET 16 English version was finalized.
- Milica Dakovic, a new CARA staff, has been working on an article for the next issue of MONET. After the regular procedure of the articles selection, it will be decided whether it would be published or not.

4. PUBLISHING, NEWSLETTER AND PROMOTION

- Vladimir Kavaric gave several statements about harmonization between Serbia and Montenegro, liberalization and monetary issues for the following media: Vijesti, Pobjeda, Publika, MINA News, and MBC.
- Layout for HHS 9 in the local language was finalized.
- Layout for the press releases for MONET 16 done by ISSP was prepared and delivered to the media.
- Vladimir Kavaric gave several statements about agriculture in Montenegro, the tax system and new law on free zones to MINA News Pobjeda and MBC.
- Layout for HHS 9 in English was finalized.
- Layout for the working paper, The Reform of the First Pillar of the Pension System, was finalized.

1. KRA TEAMS

1.1 PENSION REFORM

October-December 2003

- Representative of KRA on Pension Reform participated in the preparation of the Investment Fund Draft Law. Two meetings were held regarding this issue and a representative of KRA on Pension Reform participated in both meetings, giving comments and suggestions regarding the impact of this Law on pension reform.
- Started preparatory work and analysis for the work on the Second Pillar Law. It is expected that work on drafting the Law will start at the beginning of 2004.
- Continuous communication within the KRA on Pension Reform on improving pension reform. The new Pension law will be implemented in January 2004. The KRA on Pension Reform will monitor the implementation process.
- Second version of the brochure on Pension System was finalized and sent to outside analysts for comments and suggestions.
- Started preparatory work and analysis for the work on the Second Pillar Law. Representatives of ISSP were involved in this preparatory work.

January-March 2004

- Started preparatory work for the organization of the roundtable related to the private pension funds. The roundtable will be organized in cooperation with the Securities Commission.
- Working paper, The Reform of the First Pillar of the Pension System, was printed and, after the presentation, will be widely distributed in Montenegro.

April-May 2004

- The presentation of the working paper, The Reform of the First Pillar of the Pension System, was held on 16th May. At the press presentation, Jadranka Kaludjerovic and Tijana Stankovic had speeches. Jadranka Kaludjerovic spoke about the activities of ISSP on pension reform until now, while Tijana Stankovic presented findings from the working paper material. Representative of relevant institutions involved in pension reform in Montenegro were present, as well as representatives of 5 Montenegrin media (2 TV stations, two daily papers and one radio). The discussions were very successful; the institutions' representatives gave comments and raised questions. Media representatives were also actively involved in the discussion. This presentation showed that this kind of event, with participants who have expertise in the topic presented, followed by media coverage, is very efficient and very useful for presentation of this kind of

material. The impressions of the participants and media representatives were very positive.

- The final version of the policy paper, Private Pension Insurance, was prepared. The comments and suggestions from outside experts have been incorporated in the report. The policy paper was sent out for printing. A meeting at which the form of presentation of this paper was discussed was organized in May. Based on our discussions, it seems that the best form of presentation would be a roundtable, but a final decision was not made.
- Preparatory work for the organization of the roundtable related to the private pension funds is ongoing. ISSP members have been working on the materials that will be presented at the roundtable; Tijana Stankovic, Jelena Musikic and Maja Drakic will have presentations. The roundtable will be organized in cooperation with the Securities Commission in June.

1.2 STATISTICS

October-December 2003

- KRA on Statistics finalized projections of the main macroeconomic aggregates for Montenegro until 2008. The projections have six scenarios and these scenarios include three exogenous variables and five endogenous variables. In each scenario, there are four main preconditions and assumptions.
- KRA on Statistics received training on core inflation that was held at the ISSP premises on October 6, 2003. The lecturer was Przemislaw Wozniak, CASE expert.
- Statistics KRA participated in the preparation of the report on Economic Policy for Montenegro for 2004, done for the Central Bank of Montenegro.
- One member of the KRA on Statistics prepared an analysis of the New Labor Law and Collective Bargaining Agreement in Montenegro. The analysis was sent for outside comments, which were incorporated in the document. Part of the document will be published in the second part of MONET 15.
- Fourteen months after the estimation done by ISSP, Monstat (the Agency for Statistics of Montenegro) made a calculation of Gross Domestic Product (GDP) using the same methodology but a different income concept (i.e., there were two different concepts of the calculation of income and expenditure), and published the GDP of 1.244 billion euros in 2001 (1,880 € per capita). This GDP figure partially includes the value added in the informal sector (gray economy) but not all the value added in the informal sector. Monstat announced that the GDP calculation according to the expenditure method would be done in the future because they determined that this method was more complicated. (We are emphasizing that the ISSP estimation was done according to the expenditure method). If we compare the GDP figure published by Monstat with the GDP figure estimated by ISSP (the one that includes the value added in the informal sector), we see that the ISSP estimate is 5.9% higher than the Monstat figure. The 5.9% difference can be implied to the standard omission which is characteristic of

all estimated figures, with a range of 3%-10%. However, it is more possible that this 5.9% difference is a result of the value added in the informal sector that was not calculated in the Monstat GDP.

January-March 2004

- Members of the KRA statistics team are managing work on the project “Improvement of the Macroeconomic model for Montenegro” that the ERN network is working on for the needs of the Central Bank of Montenegro. It is a ten month project which is realized in cooperation with the Economic Institute of the Law Faculty in Ljubljana, Slovenia. The aim of the project is to build a macroeconomic model for Montenegro which can be used for economic projections and maintenance of economic policies. The whole ERN team is involved in the realization of the project, while organizational, managerial and research coordination activities are done by KRA Statistics. The working teams were established and started preparatory work on the project. During the first quarter, representatives from the Economic Institute from Ljubljana held a training program for the participants in the project. During the project, they will make several visits to ISSP, during which they will closely work with ISSP. In addition, a training program on the applicable econometrics will be organized for all participants as a part of the project.
- Several meetings were organized with the representatives of different institutions regarding the project, “Concept of the new statistical system for the needs of the macroeconomic research and policies in Montenegro” (adopted by the Government in December 2003). The main coordinator of the project is MONSTAT, while ISSP and the Secretariat for Development are coordinators. Members of the KRA statistics team participated in the meetings. The purpose of the meetings was development of the action plan for the duration of the projects, which will last 3-4 years. One of the first activities which will be organized is a roundtable regarding the Law on National Statistics. This event was also the subject of the meetings and discussions.
- Working paper, Situation in the Montenegrin Labor Market, was finished. Part of this study, regarding indicators of the Montenegrin labor market, will be published in HHS 9. The whole working paper will be printed separately.

April-May 2004

- Each member of the KRA is a member of at least one working group that is working on the project “Improvement of the Macroeconomic model for Montenegro” have been working on the realization of the project tasks, including definition of certain economic variables that will be incorporated in the model and research on data availability and reliability. During April, KRA team organized a training program for the participants in the project held by representatives from the Economic Institute from Ljubljana on e-views software program, which is used for the econometric analysis. This was one of four training programs with this subject that will be held during the realization of the project. In May, a

second meeting of the working group with the partners from Slovenia was held. Each working group had a one hour meeting with the project leader, Professor Vukotic, and representatives from Slovenia. At the meetings, defined variables that will be incorporate in the model were discussed. At the end, there was one joint meeting with the representatives of all the working groups.

- In May, the roundtable on the Law on National Statistics was organized and held at the ISSP premises. This activity is part of the wider “Concept of the new statistical system for the needs of the macroeconomic research and polices in Montenegro” which had been adopted by the Government in December 2003. The main coordinator of the project is MONSTAT, while ISSP and the Secretariat for Development are coordinators. Representatives of all institutions involved in the project were present at the roundtable. The discussion was very constructive and resulted in improvement of the solutions in the draft law. Implementation of the comments and suggestion in the current form of the law will result in a new version of the Law on National Statistics.

1.3 TRADE

October-December 2003

- Sectoral analysis of trade is in the last phase. During this quarter, the analysis was updated with new data and comments. In addition, some new models of data presentation were included in the document. The final version was sent for comments and suggestions to ERN staff members and their comments and suggestions were incorporated in the text.
- Working paper, Balancing Montenegro’s Current Account, was sent for layout preparation.
- Research paper on the trade situation in the countries in the region was done. The trade data for eight regional countries were collected and analyzed. Research paper was regularly updated on the trade situation in eight countries in the region
- Research on the impact of a change in the custom tariffs on the activities of certain Montenegrin enterprises was finalized.

January-March 2004

- Sectoral analysis of trade was finalized; comments and suggestions of relevant ERN members are incorporated in the document. The document was sent out for comments and suggestions.
- Working paper, Balancing Montenegro’s Current Account, was printed and widely distributed to more then 70 addresses.

April-May 2004

- Work started on the preparation of the policy paper, Balance of Payments, with a special focus on Montenegro. The purpose of the paper is to offer theoretical and

analytical research on the balance of payments, its impact and possibilities of balance of payments deficit coverage. The special focus this paper will put in the Montenegrin case. The work on this task is at the first phase: desk research of the topic and data collection.

- Started preparation of the presentation of the working paper, Balancing Montenegro's Current Account. The press presentation will be held in June. Representatives of the institutions involved in this issue will be invited to be present at the press conference, as well as all relevant media.
- Comments and suggestions received from respected outside individuals with expertise in the area of trade were incorporated in the sectoral analysis of trade. The preparation of the final version of this analysis is ongoing.

1.4. ENERGY AND REGULATION

October-December 2003

- During this quarter, several meetings of the KRA on Energy and Regulation were held in order to discuss different issues on the Montenegrin energy situation.
- Meeting with Alexander Goals, consultant in the Energy Regulatory Agency, about regulation in the energy sector was held in December 2004.
- Working paper, Energy Situation in Montenegro, was updated with the new data related to the restructuring of the Energy Company. Second draft of the working paper, Energy Sector in Montenegro, was finalized. The draft was sent to outside associates for comments and suggestions, which were incorporated in the text.
- Working paper, Energy Sector in Montenegro, was finalized. Comments and suggestions were reviewed and incorporated in the document. Document is in the process of layout preparation.

January-March 2004

- During this quarter, two meetings of the KRA energy and regulation team were held in order to discuss different issues of the Montenegrin energy situation.
- One member of the KRA had two meetings with the CEED colleague who worked on preparation of the analysis of the supply and use of energy in Montenegro, which was published in HHS 9.

April-May 2004

- Started preparation of the presentation of the working paper, Energy Sector in Montenegro. The presentation will be held in July. All Montenegrin media will be invited, as well as representatives of the relevant institutions that are involved.
- During April and May, three meetings of the KRA energy and regulation team were held in order to discuss different issues of the Montenegrin energy situation and to start preparatory work for presentation of the working paper, Energy Sector in Montenegro.

1.5 CAPITAL MARKETS

October-December 2003

- Data collection and analysis were done regularly on the functioning of capital markets in Montenegro.
- Work of the KRA on Capital Markets during this quarter was focused on the preparation of the Investment Fund Draft Law. Several meetings were held to discuss different issues about the law. As a result of these meetings, a second draft of this law was prepared.

January-March 2004

- Data on capital markets in Montenegro were updated regularly.

April-May 2004

- A roundtable on Companies Takeover Law was organized by the Securities Commission. The ISSP members of the KRA team on capital markets participated in this event and presented ISSP views about certain solutions to the law. The comments were related to the application of the Law (should it be applied to all shareholder companies or to some); the main purpose of the Law (ownership consolidation and better management of the companies); and some technical solutions in the process of company takeover.
- Data on capital markets in Montenegro were updated regularly.

2. MONTENEGRO ECONOMIC TRENDS – MONET

October-December 2003

- MONET 15 was finalized. After the finalization of each chapter, a person who worked on a different chapter checked and reviewed it. Then both people discussed the chapter. This change was introduced to educate each member of the MONET team, so they all would have a better overall picture of the Montenegrin economy. This method on MONET 15 had good results, with the MONET team members stating that they are satisfied with this working method. It will be used in the preparation of the subsequent issues of MONET.
- There was an initial meeting with all ISSP staff who work on MONET to discuss what improvements will be made in this issue and what comments and articles MONET 16 will include.
- MONET 15 in English was sent for layout preparation and to the printing office. Translation of MONET 15 was finalized and a version in the local language was also sent for layout preparation.
- Data collection for MONET 16 started.

January-March 2004

- MONET 16 was finalized. For this issue, the version in the local language was prepared and printed first. This made possible presentation of the new data in media more quickly, while data are still new and fresh.
- Presentation of MONET 16 was done in a new manner. Three separate press conferences were organized (on March 1st, 8th and 15th). At the first press conference, data and analysis on the real sector, budget and trade were presented by Petar Ivanovic, Milorad Katnic and Nina Labovic. At the second conference, data and analysis on money, financial sector and customs effect on prices were presented by Jadranka, Kaludjerovic, Jelena Musikic and Przemislaw Wozniak (CASE collaborator on MONET). The third press conference referred to prices, agriculture, labor market and wages. The participants at this conference were Tijana Lekovic, Ana Delibasic and Vladimir Kavaric (collaborator on MONET 16 issue). This kind of presentation was chosen because ISSP realized that one press conference at which all findings and comments from MONET are presented, as ISSP used to do, are too long and journalists in this situation can not present everything in the media. Three shorter presentations give more room for emphasizing important findings, get more extensive coverage in media, and attract more attention of the public. The reactions of the journalists were very positive and they are much more satisfied with this kind of presentation. During these press conferences, attendance of the media was very good (all daily papers, 5 TV stations and 3 radios) and ISSP delivered, in total, 9 press releases to them.
- MONET 16 in the local language was delivered to more than 150 addresses in the country.
- MONET 16 was translated into English, the layout was prepared, and the final MONET was sent to the printing office. The printing is expected to be finalized at the beginning of April.
- Data collection for MONET 17 started. Mr. Przemislaw Wozniak spent two weeks at the ISSP (beginning of March) and worked with the MONET team on data collection and processing for the next issue of MONET.

April-May 2004

- MONET 16 in English was printed and widely distributed to more than 100 addresses in the country and abroad.
- Data collection for MONET 17 was ongoing.
- At the joint meeting of MONET staff, some new improvements in the work were introduced. It was agreed that the content and form of the Executive Summary would be changed. From now, it will not contain just a short presentation of all chapters, but also the overall insight on the performance of the Montenegrin economy during the period that is covered by that issue of MONET. It was also agreed that at the beginning of each chapter, a short summary presentation (three to four sentences marked by bullets) will be introduced. This will help readers of MONET to find the latest news in each economic area easily at the first glance.

- A letter was sent out signed by the manager of MONET, Jadranka Kaludjerovic, encouraging all members of the ERN and outside cooperators to send their comments for the second part of MONET. The first responses were received. After the collection of the articles, they will proceed according to the regular selection MONET procedure.
- As this is the last issue of MONET supported by EAR, ISSP started to seek opportunities to find new funds for the subsequent issues.

3. HOUSEHOLD SURVEY REPORT

October-December 2003

- The Household Survey of Roma, Ashkaelia and Egyptians, Refugees and Internally Displaced Persons supported by UNDP was finalized.
- Presentation of the report was organized as a part of Poverty Day (17th October), on October 21st, 2003. This report is of huge importance, because it is the first report on the poverty of marginalized groups. It provides an important complement to all activities ISSP has undertaken in cooperation with the World Bank; the findings will be used in the final version of the national Poverty Reduction Strategy Paper (PRSP). Dragana Radevic, Household Survey Coordinator, presented key findings of the survey, pointing out low living conditions and standards of certain population strata in Montenegro. Veselj Beganaj from the informal network of Roma NGOs Romski krug talked about his experience in this project. Ivanka Kojic from the Commissariat for Displaced Persons pointed out that the black and white picture presented by the survey should not neglect other dimensions of the living standards. After given the opportunity to ask questions, representatives of other international organizations and local NGOs expressed their views on the importance of this survey. Gordana Djurovic, Expert Team Leader for the PRSP in Montenegro, underlined that these data are giving additional seriousness to the current process of PRSP development in terms of costs.
- In order to further empower Roma organizations so they can actively participate in community development and adequately represent the interests and needs of their population, ISSP organized a one-day workshop entitled: *“Household Survey Data Interpretation: Meaning and Usage”*. This historic workshop was attended by 20 representatives from six different Roma organizations from all three regions in Montenegro. At the roundtable, Petar Ivanovic, ISSPExecutive Director, Dragana Radevic, project coordinator and Marina Milic, analyst, explained to the Roma why it important to collect data on their households, how the survey was organized, and what were its most important phases and procedures, and presented a deeper interpretation of the data, with a special focus on the poverty assessment. Representatives of Roma organizations expressed their views on the importance of the survey and their cooperation with the survey. The workshop discussion was supported with additional explanations from Miodrag Dragisic from the UNDP LO in Podgorica.

- The World Bank asked ISSP to prepare a case study about the work on the Household Survey of Roma, Ashkaelia and Egyptians, Refugees and Internally Displaced Persons as this work presents a best practice for including marginalized groups in the process and for overcoming sensitive cultural issues. The case study is finalized and will be published in the regional World Bank report.
- In November 2003, the Montenegrin Poverty Reduction Strategy Paper (PRSP) was finalized and presented at the Donors Meeting held in Brussels on the 18th November. The ISSP Household data serve as a basis for the Montenegro PRSP. In the PRSP, it was stated that ISSP will have an important role in monitoring the implementation of the PRSP.
- Household Survey Report No. 8 was published in October. It was widely distributed and posted on the internet. The HHS 8 covers many different interesting topics and issues.
- HHS has a new editorial board:
 - **William W. Beach**, Director of the Center for Data Analysis, The Heritage Foundation
 - **Rene Castro**, Professor at INCAE, the Central American Business School
 - **Richard H. Clarida**, C. Lowell Harris Professor of Economics, Columbia University
 - **Thomas Gale Moore**, Senior Fellow, Hoover Institution, Stanford University
 - **Vasilis Panoutsopoulos**, European Commission Food Security Program
 - **Beryl W. Sprinkel**, President, BW Sprinkel Economics
 - **Michael Tanner**, Director of Health and Welfare Studies, Cato Institute
 - **Ruta Vainiene**, Vice President, Lithuanian Free Market Institute
 - **Ruslan G. Yemtsov**, Senior Economist, ECSPE, World Bank, and Professor, Moscow State University
- Started preparatory work on HHS 9 that will be also used in the monitoring process of PRSP. As the ISSP Household Survey is not a classical budget survey, it includes different issues in each survey. HHS 9 will include the environmental issues. The ninth survey will be done in April and will get data for the previous quarter. As preparation for the survey, the first focus group was held on December 12th. Participants of the focus group were representatives of different Montenegrin NGOs that deal with the environmental issue. The questionnaire and survey procedure and methodology were presented to all participants. They were all very interested in this issue and very satisfied that this kind of the research will be done in Montenegro. They should send their comments and suggestion by January 15th.
- Cooperation with MONSTAT and CESD Roma (an organization supported by EAR) was successfully finalized. The CESD Roma closed their office in Montenegro due to the fact that the EU Commission closed all projects in which they finance Eurosat. However, their cooperation with MONSTAT will be continued.
- Representatives of ISSP (Petar Ivanovic, Jadranka Kaludjerovic and Dragana Radevic) participated in the meeting with the World Bank Parliamentary

delegation that was organized on November 11th 2003. The purpose of the meeting was presentation of the PRSP to the delegation representatives.

January-March 2004

- ISSP will organize and conduct Basic Poverty Measurement and Diagnostics Course for Montenegro. The project is supported by the World Bank Institute. The dissemination of the ISSP HHS results will be an important step in building a consensus over the basic poverty diagnostics. The aim of the course is to provide users of data, both in the Government and outside the Government, with the skills required to undertake elementary poverty analysis using household survey data. The course will be organized in three sections (24-25 April, 15-16 May, 29-30 May) and will include 8 modules. Targeted groups are economists, statisticians and other professionals, wanting a hands-on introduction to poverty measurement and diagnostics using household survey data. Among others, representatives of the Ministry for Social Work and Welfare, Statistical Office, different NGOs and independent experts, undergraduate and graduate students of School of Economics will be invited to attend the course. Based on so far cooperation with Roma organizations, in order to continue empowering the marginalized populations in Montenegro, at least one representative of the Roma NGOs will be included in the course. For the purpose of delivering the course, a group of ISSP analysts and collaborators, economists and statisticians, will be hired. The team of presenters for the course will consist of both domestic and guest lecturers from Bosnia and Herzegovina, Serbia and Macedonia.
- Regarding the participation of the ISSP at the PRSP, the following activities happened during the last quarter:
 - Dragana Radevic, HHS coordinator, participated in the regional PRSP video conference that was held on 17th March. The chairperson of the conference was a World Bank representative from Washington.
 - Dragana Radevic participated in the Second Poverty Reduction Strategy Forum for Albania, Bosnia and Herzegovina, Serbia and Montenegro, Kosovo, and Macedonia, held in Thessalonika, Greece, from 29th to 31st March. Ms. Radevic had two presentations during the conference. She spoke on social inclusion--the strengthening of incentives to increase the access of all groups within society to economic assets, markets, and services. The presentations were very good and ISSP made a few very important contacts with the institutions from abroad.
 - ISSP representatives Dragana Radevic and Jadranka Kaludjerovic, participated in the roundtable discussions about PRSP organized by PRSP Unit (the Unit was established by the Ministry for Labor and its role is to lead all activities regarding PRSP) All relevant parties involved in the process of creation of PRSP strategy and the representatives of World Bank participated in these events.
- HHS report 9 was prepared and sent out for printing. This report covers an analysis of the following issues: railway infrastructure in Montenegro, tourism in

Montenegro, problems of water supply, supply and use of the electricity, reform of the health system, environmental issues, analysis of millennium goals and participation of Roma population in the process of preparation of PRSP strategy, etc. The report is expected to be printed at the beginning of the April and widely distributed in the country and abroad.

- Data collection for the new HHS will start on May 1st. The comments and requests gathered from the focus group (December 12th) regarding the questionnaire and survey procedure and methodology were reviewed and then incorporated in the document. This survey may use part of the round 6 sample to attempt to create a panel dataset in an attempt to understand chronic poverty and poverty vulnerability. It will also expand the sample so that it can better cover social transfer recipients based on the listing provided by the Ministry of Labor and Social Welfare. The survey will be based on the round 6 questionnaire to ensure comparability and use of data for monitoring changes over time. It will make an additional supplement to the questionnaire focused on environmental sustainability questions in various aspects (energy saving, patterns of refuse collection and disposal, willingness to pay for more sound practices, natural resource use patterns by households, school curricula, civil society engagement). This work will be supported by the World Bank's team working on the Poverty Assessment.
- In cooperation with the Montenegro Ministry of Health (MOH), HHS 10 will include a detailed health module. The ISSP household survey will establish a preliminary baseline of information related to health care issues. As part of the preparation and implementation of health care reform in Montenegro, the World Bank will assist the Project Management Unit Network (PMN) to undertake a Social Assessment that will draw upon the research and analysis of an expanded/modified version of the ISSP household survey. The World Bank has been requested to contract with (ISSP) for this assignment. The rationale for this is that ISSP is uniquely qualified in Montenegro to carry out the surveys, since it is the only organization that collects the basic household survey data in Montenegro on age, income, education, etc. ISSP already has a good track record on this survey work; their survey data has been used by international organizations and the Government of Montenegro to inform poverty assessments and the Government's Development and Poverty Strategy Reduction Paper.
- Based on the information about refugees and IDPs in Montenegro prepared by the Commissariat for Displaced Persons, the Government of Montenegro decided to develop a national strategy for resolving the problems of refugees and internally displaced persons. To achieve the development and implementation of the national strategy for resolving the problems of refugees and internally displaced persons, the Government of Montenegro established a commission headed by the Minister of Labor and Social Welfare. The Government also will establish an inter-ministerial committee that will oversee the whole process. The Commission prepared the project task, i.e. expected structure and content of the future national strategy. Based on their references, the Commission appointed ISSP to work on the national strategy development. The tasks of the ISSP are as follows:

- to prepare a draft of the national strategy and revise it based on the recommendations of the Commission and the Government of Montenegro;
- to prepare a realistic dynamics of national strategy implementation (including a plan of relevant regulatory and institutional reforms);
- to prepare follow-up projects for the national strategy that will be presented to the donor community and will be included in the working plans of the appropriate Ministries;
- to prepare a financial plan with the elements of the strategy which will be financed from the national budget, bi-lateral, and multilateral donations.

Work on the tasks has already started. Working teams chaired by relevant institutions have been established. ISSP has its representative in each working group. Each group is responsible for collecting and processing the data related to their area of activity. During March, each working group had meetings and discussions to create the first version of the document that is their responsibility. The first working version of the document is expected to be ready by the beginning of May.

April-May 2004

- ISSP organized and conducted a Basic Poverty Measurement and Diagnostics Course for Montenegro, supported by the World Bank Institute. The course was organized in three workshops (24-25 April, 15-16 May, 29-30 May). There were 15 participants of the course, including representatives of Montenegrin institutions such as the Ministry for Social Work and Welfare, Statistical Office, PRSP unit, representatives of different NGOs (in addition one representative of a Roma NGO), independent experts, and undergraduate and graduate students of the School of Economics. The course covered theoretical issues and practical work and gave participants the skills required to undertake elementary poverty analysis using household survey data. Lecturers were ISSP analysts and collaborators, economists and statisticians, who were engaged in the projects related to the living standard of the Montenegrin population. The team of presenters for the course consisted of both domestic and guest lecturers from Bosnia and Herzegovina, Serbia, and Macedonia. At the end of the course, all participants got certificates, signed both by ISSP and the World Bank Institute. After the first and the third workshop, a press release was prepared and delivered to the Montenegrin media. The information was published in all daily papers and on two TV stations. The reactions of the participants were good. They found out the training program was very intensive but very useful. The final comments of participants were that they benefited a lot from this program.
As a follow up to this project, similar training programs will be held in Serbia and in Bosnia and Herzegovina. The ISSP analysts and collaborators were invited to be trainers of these courses.
- Dragana Radevic, HHS coordinator, at the invitation of the World Bank, participated in regional training for the Roma population held in Belgrade.

Dragana Radevic presented the Montenegrin experience in the realization of the project Household Survey of Roma, Ashkealia and Egyptians, Refugees and IDP's population, which is defined as a best practice and best cooperation with the Roma population in this kind of project.

- Dragana Radevic participated in the annual meeting of Roma NGOs as a special guest on 29th of April. The purpose of their attendance was to present her participation at the Second Poverty Reduction Strategy Forum for Albania, Bosnia and Herzegovina, Serbia and Montenegro, Kosovo, and Macedonia, held in Thesalonika, Greece, from April 29th to 31st, where she had two presentations on social inclusion -- the strengthening of incentives to increase the access of all groups within society to economic assets, markets, and services.
- HHS report 9 was printed and widely distributed to mote than 300 addresses in the country and abroad. The layout for the local language version was finalized and sent to the printing office. This report covers different issues: railway infrastructure in Montenegro, tourism in Montenegro, problems of water supply, supply and use of the electricity, reform of the health system, environmental issues, analysis of millennium goals, participation of Roma population in the process of preparation of the PRSP strategy, etc.
- Data collection for the new HHS started on May 1st. In cooperation with the Montenegro Ministry of Health (MOH), the questionnaire includes a detailed health module. MOH will use the survey as a monitoring tool for the implementation of the health reform program that would be implemented and realized in Montenegro in the next three to six years. A new program for the data input was created and will be in use from this HHS. The new program is designed to improve the data inputting procedure, increase efficiency in this part of the project realization, and minimize possible mistakes in data inputing. The data input will start at the beginning of June.
- Working teams involved in the work related to the national strategy for resolving the problems of refugees and internally displaced persons have been working on the finalization of the first version. Each working group had intensive communication during April and June in order to finalize the document. During this period, each working group had at least two meetings. The first version is about to launch the process of participation of refugees and IDP's in the strategy preparation.
- A project supported by UNDP RSC, a Regional Survey on vulnerable groups in Eastern Europe and in SEE in particular, is aimed at conducting a quantitative data collection for Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Romania, and Serbia and Montenegro (with Kosovo as a separate entity). The focus of the research will address the development problems of Roma communities and other vulnerable groups, such as refugees and IDPs. The study consists of a collection of trustworthy and representative information for the vulnerable groups in each country. ISSP will support this activity by providing expertise in the sampling construction process.

4. ADDITIONAL PROJECTS

- **Economic Policy for 2004:** This project was done for the Central Bank of Montenegro. It was finalized in December 2002 and provides recommendations for economic policy in different areas and includes projections of the main macroeconomic aggregates until 2008. The analytical basis for the policy recommendations are related to the following issues: customs, international integration and balance of payments, economic freedom, public spending, inflation, social policy, pension reform, development of the private sector, regulation of economic activities, financial sector, insurance, and the capital market.
- **Transition Report for Montenegro:** This project was done in cooperation with the G-17 Institute from Belgrade, and is the first transition report done in Montenegro using the EBRD methodology. The project was finalized at the end of May 2004. Report on both languages (local and English) will be printed and jointly presented by ISSP and G17. The project presents an overall report on the results of the transition that have been achieved in the last three areas of the reforms during the period 2000-2002. It covers different issues such as: political, institutional and legal, macroeconomics, privatization, enterprise performance, financial sector reform, investments, public finance, and labor market reform. It is expected that the project will be finalized by the end of January. This project is very important because it presents a step forward for the appearance of Montenegro in the EBRD Transition Report.
- **Montenegro Investment Environment Diagnostic:** Prime Minister Djukanovic had invited FIAS (Foreign Investment Advisory Service of the World Bank) in June 2003 to prepare the diagnostic of the investment climate in Montenegro. Working with its nominated counterpart, ISSP, the FIAS team spent two weeks in Montenegro in July, interviewing a broad swath of representatives from the public and private sectors. The FIAS team then prepared their draft report, sharing it with the Prime Minister, who suggested inviting the key opinion leaders from Montenegro to provide their input. The ISSP team put together an impressive roundtable with 54 high-level participants, including the Deputy Prime Minister; the Ministers of Labor, Justice, Tourism, Economy, Transportation, and Finance; the Governor of the Central Bank; the Secretary of Development; the President of the Commercial Court; many ambassadors and consul generals, including those representing the USA, Austria, Japan, Greece, Italy, Russia, Slovenia, Croatia, and China; the head of the European Agency for Reconstruction; representatives from AID, the WTO, GTZ, Chesapeake Associates, CIPE, and the Montenegro Business Alliance; and the presidents of the most important companies, including Pro Monte, Morsko Dobro, Hellenic Petroleum, DAIDO Metal, and several banks.

The roundtable, covered by all the key media, was held at ISSP headquarters. Petar Ivanovic welcomed the participants by emphasizing that Montenegro is

at a critical stage of improving the environment for private sector growth and establishing a private-public partnership, which will have strong influence on future investments. Prime Minister Djukanovic encouraged the participants to embrace the reforms recommended by FIAS. The FIAS recommendations, presented by Michael Lester and Marc Reichel, covered four main areas: reducing administrative barriers, including tax, customs, land, and labor; increasing investment promotion by changing laws and institutional strategies and creating an Investment Promotion Agency; enacting governance reforms for the civil service, judiciary, and municipalities; and promoting sector-specific reforms in privatization, tourism, and finance and banking. Under the direction of the Prime Minister, with the support of ISSP and other committed individuals and organizations in Montenegro, FIAS plans to assist the government to follow up its recommendations and move to the next steps.

- **Report for Donors Meeting:** The Donors Meeting was held on November 18th 2003, in Brussels. It was an opportunity to present a report on the current situation, which refers to the overall reform agenda the government has conducted and to update information on the progress that has been achieved since the Donor Conference in June 2001. ISSP prepared the report for the Government of Montenegro. In addition, ISSP prepared the presentation of the report, conducted by Government officials at the meeting. The report consists of four parts:
 - I Overview of the results achieved by specific areas
 - II Assessment of current political and economic situation in Montenegro
 - III Key challenges for the continuation of the reforms
 - IV Overview of received international assistance so far.
- **Economic Lexicon:** With the support of USAID, the Government of Montenegro published the first issue of the newsletter *Reformator*. The purpose of the newsletter is to inform the public about the results achieved in different areas of the reforms conducted in Montenegro. One section in this newsletter is the economic lexicon, which offers definitions and explanations of certain economic terms, in a way that is understandable for the general public. The ISSP team prepared this section, which was published in all three issue of *Reformator*. It is expected that the cooperation will be continued in the future.
- **Montenegrin automobile market.** This project is done in cooperation with the G17 Institute from Belgrade. The purpose of the project is to conduct an analysis of the car market in Montenegro. As a part of the project, the overall Montenegrin macroeconomic analysis has to be prepared, data on car distributors collected and analyzed, data on potential buyers of car elements collected and analyzed, data collected on the size of the car park in Montenegrin municipalities, etc. In this quarter, one third of the project was finalized.

- **Training on Economic Background for Covering Business and Economic Stories.** This training program was organized and conducted by CEED and supported by IREX. Six ISSP researchers will give training to other trainers in the program. The training program will be organized and offered to all economic journalists from all Montenegro's media. Training sessions will be organized biweekly, and delivered by experts in certain areas such as: labor market, GDP calculations and trends, banking sector, capital market, budget expenditures, etc. During the planned project timeframe (April to July 2004), at least twelve training sessions were organized and delivered. Attendees will be supplied with adequate materials, case studies and contacts for further information needed.
- **Preparation of Project Proposals** ISSP management team has been working on two project proposals during these two months. One is a project proposal for GDN regional research competition organized by CERGE-EI. The proposed ISSP project will investigate trade regime changes and their impact on poverty in Montenegro. The other is a project proposal announced by UNDP, LO Podgorica, preparation of National Human Development Report on multiculturalism for Montenegro.

